

The Effect of Audit Committee Resources on Accounting Reporting Quality of Listed Oil and Gas in Nigeria.

¹Iwametan, Johnson Oladipo, ²Miko Nurudeen Usman, ³Hauwa Sanusi. Junaid, ⁴Isuwa Dauda

¹BSc. MSc. ACA. CITN. FCFIA, Department of Accounting, Faculty of Social and Management Science, Kaduna State University, Kaduna State, Nigeria. Email:

²PhD, Department of Accounting, Faculty of Social and Management Science, Kaduna State University, Kaduna State, Nigeria

³Department of Accounting, Faculty of Social and Management Science, Kaduna State University, Kaduna State, Nigeria.

⁴PhD, Department of Accounting, Faculty of Social and Management Science, Kaduna State University, Kaduna State, Nigeria.

DOI: <https://dx.doi.org/10.47772/IJRISS.2023.70747>

Received: 26 June 2023; Accepted: 04 July 2023; Published: 02 August 2023

ABSTRACT

This study focuses on the link between audit committee resources and accounting reporting quality proxy by accrual quality of listed Oil and Gas firms in Nigeria. The aim is to examine whether audit committee variables such as female gender, size, and accounting certification expert have an oversight effect on financial reporting quality. The study employed ex-post facto and correlational research designs and adopted agency theory to underpin the study. The population of the study is twelve (12) oil and gas firms listed on the Nigerian Exchange Group as of December 31, 2021. The study covered a ten years period from 2012 to 2021. Ten (10) oil and gas firms were sampled using the purposive sampling method. The information is taken from audited yearly accounts of the sampled firms, which formed a panel data set that was analyzed using the multiple regression method of analysis. The study provides empirical evidence that Audit Committee-female gender (ACFG), Audit Committee Size (ACSZ), and Audit Committee Accounting Certification expert (ACAE) influence the Financial Reporting Quality of listed Oil and Gas firms in Nigeria. Policymakers should provide policy on the composition of the committee human resources to spelt out their functions effectively, hence we endorsed that the selection of autonomous directors ought to be built on the prior annals of the person's history in terms of performance relatively. The government should consider the practicality of the results and make provision for at least two accounting certification resources in the audit committee to grip multifaceted financial entities more effectively. Similarly, females genders are multitasking, and they are required to better accounting norms, these are in other to secure the demand of investors generally in Oil and Gas firms listed in Nigeria.

Keywords: audit committee, accounting certification expert ACAE, financial reporting quality FRQ, female member ACFM, independence ACID, meeting frequency ACME, and size ACSZ.

BACKGROUND TO THE STUDY

Financial reporting quality (FRQ) is one of the greatest central bases of information essential for the decision-making of investors. Therefore, the quality of financial data controls the quality of its value for economic decision-making. The usefulness of such financial reports to the present and potential equity investors, lenders, and other creditors in making decisions as a capital provider is a function of its relevance and faithful presentation (Shin & Jeon, 2021). Moreover, in March 2018, the International Accounting Standard Board (IASB) and the interpretations committee of the International Financial Reporting Service

(IFRS) confirmed the relevance and faithful illustration as important features. So, this basis signifies the best factors of FRQ. Hence, the audit committee have a key role in overseeing and monitoring top managers relatively the internal control and the independence of the auditor to produce accounting report that can stand the test of time for the benefit of owners (Almaqoushi & Powell, 2020). Nevertheless, the proportion of female gender within the audit committee counts; females are perhaps more ethical and reputational mindful than men. Females are more congenial towards accounting and financial rules, improving FRQ (Juwita, 2023). Although there is no best audit committee size, guidelines advise three to five members with a large majority autonomous. A larger audit committee is more likely to see and resolve probable problems connected to the FRQ and agency issues as they have required variety and strength of skills accomplished in improving supervision and monitoring jobs (Kaoje et al., 2023). Despite that, audit committee accounting certification expert members with accounting expertise that belongs to the accounting body directly affect FRQ enhancement. Accounting certification experts control the efficiency of the audit committee in the solidification of the accounting process. Also provide an effective means of monitoring management's financial reporting practices (Rahman et al., 2023).

STATEMENT OF THE PROBLEM

Oil and Gas play a major role in the development of Nigeria, and concurrent financial reporting failure has been worrisome to the capital providers. There were lots of investment loss in both locally and internationally. The recent one involved the group managing director of Oando Plc from 2012 to 2019. There were two petitions received by Nigeria Exchange Group (NXG), It was dated 2nd May 2016 from Ansbury Investment INC, the majority shareholder in Oando Plc holding 56% of the shares and also received dated the 4th day of May 2017 from *Alhaji Dahiru Bara'u Mangal*, a shareholder of Oando, both were complaining about Oando Plc report a profit instead of a loss and misstating its financial statement, misleading investors and misrepresenting the financial status of the company. Sources: Oji, H. (2019, June 25). SEC followed due process in Oando's forensic audit report. The Guardian Business News. <https://guardian.ng/business-services/sec-followed-due-process-in-oandos-forensic-audit-report/>

And Certification of untrue financial statements of material facts in the 2013, 2014, 2015 and 2016 financial years. Strong financial reporting failure regarding the going concern status of Oando group based on consistent losses from continuing operations amounting to N34.9 billion in 2015 and 25.8 billion in 2016 and the steady sale of part of assets of the group to declare profit. Sources: Independent Communications Network Limited (2019, June 20). PM News Nigeria. Unquestionably, Mr Jubril Adewale Tinubu and Mr ? Godwin Omamofe Bayo are hereby barred from being directors of public companies for 5 years for improper conduct in managing the affairs of Oando Plc. Sources: Independent Communications Network Limited (2019, June 20). PM News Nigeria. <https://pmnewsnigeria.com/2019/06/20/oando-v-sec-legal-fireworks-begin-june-24/> Moreover, most of the studies conducted in Nigeria on listed oil and gas firms (Arslan et al., 2014; Miko & Kamardin, 2016; Ayodele et al., 2016; Jegede & Onipe, 2018; Orshi et al., 2019; Abosedede et al., 2019; Muhibudeen & Abdulrahman, 2019; Zakari, 2020; Olayinka & Folajimi, 2020; Bazhair, 2022; and Yalah & Ogiriki, 2023) empirically examined the relationships between corporate governance performance, board attributes, audit committee attributes on the quality of financial reporting. Although, it is empirically inadequate in academic circles, not to mention certificated accounting experts as a variable of importance. As well this is a gap that needs to be filled as domain-specific accounting expert is required in audit committee because of their agency roles (Abernathy et al., 2013; Olayinka & Folajimi, 2020; Rahman et al., 2023). This study used accounting certification experts, which has a profound effect on FRQ. Nevertheless, Iwametan (2022) noted that the oil and gas sector has the highest fraudulent activities in Nigeria, and this has discouraged foreign investors in the sector.

The focus of the research work is to scrutinize the consequence of audit committee female gender, audit committee size and audit committee accounting certification experts as it affects the accounting reporting

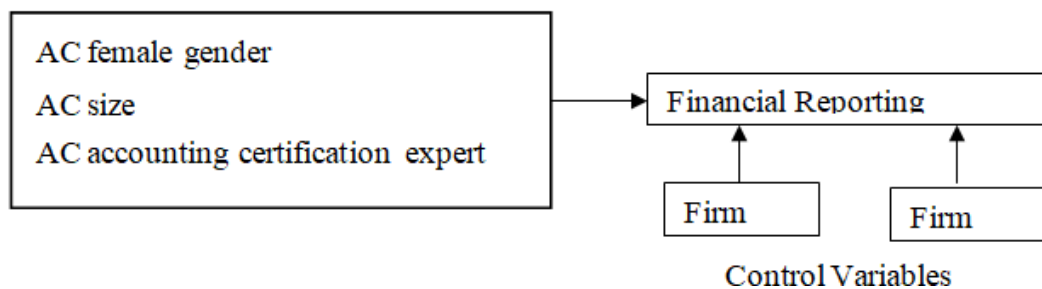
quality of listed oil and gas firms in Nigeria. It covers a period of 10 years, from 2012-2021. This period is well-thought-out because of the wobbliness of business failure and financial manipulation in the oil and gas segment despite the huge involvement of the oil and gas industry in the Nigerian economy. Multiple regression and Collins, et al; (2017) models were used in measuring discretionary accruals as a proxy of accounting reporting quality in data analysis used to test the study. The result is likely to have specific positive inferences for coming up with policies and measures that will enhance the obedience to IFRS standards and corporate governance that will control manipulative accounting reports. Thus, supervisors are ensuring high financial reporting quality such as the Financial Reporting Council of Nigeria, Nigerian Securities and Exchange Commission and Corporate Affairs Commission.

LITERATURE REVIEW

Conceptualizations

This section conceptualised the variables of the study by first showing the diagrammatic representation of the independent (audit committee attributes) and dependent variable (FRQ).

Audit Committee Attributes



Researcher's Conceptual Framework, 2023

Financial Reporting Quality

The theory of FRQ was initially noticed by financial forecasters and Stock market managers. They inferred that the stated profit prepares not to conform with the companies. Dechow et al. (2010) define FRQ as higher quality earnings more faithfully representing the features of the firm's important earnings procedure that are pertinent to a precise decision made by a specific decision-maker. Despite that, Yalah and Ogiriki, (2023) define FRQ as giving details information that protects investors and promotes market confidence by ensuring that financial statements comply with applicable financial reporting regulations, including accounting standards. Thus, Kabwe, (2023) define FRQ as the exactness with which the financial reports transport info to equity stakeholders about the company's predictable upcoming cash flows and the fundamental economic state. We normally use discretionary accruals as a proxy that is different from the nondiscretionary aspect of entire accruals, which mirrors firm status that produces and dismiss accruals. The discretionary aspect recognizes managers' selections to bring about reported earnings to manipulate.

Despite that, non-discretionary accrual is the one that charts accruals into cash streams where better mapping shows higher earnings quality. Shin and Jeon, (2021) defined it as accruals driven by economic basics rather than by discretionary accruals driven by managerial decisions; likewise, Ashari and Krismiaji, (2020) define accrual as earnings quality that is encompassing information that investors priced in the investment market. On the other hand, discretionary accruals are modifications of cash flows carefully chosen by the manager to affect reported income. Hassan, Aly & Hussainey, (2022) define it as a financial report of business earnings willingly not as stipulated by law or structured by standards value notwithstanding Qader et al; (2023) define discretionary accruals as an important device to dropping

information and generate irregularity between enterprises and investors likewise, Ha, (2022) define discretionary accruals as a determined interference in financial reporting, intended to grasp earnings targets by changing accounting practices. However, Vagner et al. (2021) discretionary accruals are any effort to heat/doctor or tailor financial accounting reports to a specified anticipated level of result.

Audit Committee Human Resources

Rahman, Chen, Mamdouh and Al-Faryan, (2023) define an audit committee as the accountable body that oversees the entire accounting and financial reporting process; in the same mood Leng, (2023) defines audit committee as the formal system responsible for monitoring the integrity of the FRQ. Although, Abdel-Hafeez, Ali (2022) audit committee is defined as a subset of the board of directors of a company set up to increase the FRQ, while Wisnu et al. (2023) define an audit committee as an active watchdog with several dimensions of expertise.

Juwita, (2023) defines the female gender of the audit committee from an agency theory perspective, are leans towards reducing info irregularity and has a main influence on the FRQ and firm outcomes, while Lai, (2023) defines female gender in the audit committee as a gender that takes cognizance of uncertainty, improve monitoring mechanisms to enhance FRQ while Komal et al., (2021) define female gender in audit committee as a booster of value and monitoring role in enhances reporting lag from the auditors, while Dobija et al., (2021) define female gender in audit committee as a member that can multi-task on the job and conscious of accounting rule.

Kaoje, Alkali and Moddibo (2023) define audit committee size as a pool of experts of different domains, while Almarayeh, Abdullatif and Aibar-Guzmán, (2022) define audit committee size as the member that wears many colours of responsibilities and Ngo and Le, (2021) define audit committee size as a majority of independent members likely to discover and resolve potential problems related to the reporting process also Gerayli, Pitenoei and Abdollahi, (2021) define audit committee size as a selection of people of repute that function on behalf of shareholders.

While Alvarado and Iturriaga, (2022) accounting expert is a member that appreciates the complexity of financial reporting and resolves auditor-management disputes notwithstanding, Tonye and Boloumbele, (2023) accounting certification expert is defined as a verifier of the figures and explanations used in financial reporting that reflect a firm's true financial status likewise, Rahman et al., (2023) defined as a member that improves the audit committee monitoring capacity and lessens the exploitation of qualitative data in accounting report.

REVIEW OF EMPIRICAL LITERATURE AND HYPOTHESIS DEVELOPMENT

An audit committee is an important committee which helps the shareholder to protect the interest and wealth maximization objective. It is a mini-committee of the board that wear a cloth of many colours in term of responsibilities laid before them relative to reliability and integrity of financial reporting quality that can be motivational to both current and potential investors. They are monitoring roles to improve agency conflict and reduce the cost associated with the agency problem.

Audit Committee Female Gender and Financial Reporting Quality

Thus, Riyadh et al; (2019) studied whether Board features partake in Earnings Management midst of global Oil and Gas Firms in the world. The Board attributes (board independence, board size, board diversity, and CEO duality), using secondary data, and a sample of 71 companies was carefully chosen from the Top 250 corporations for a year (2016). The study reveals that the female gender has a significant influence on the decrease in earnings management.

However, Mohammed & Hamza, (2022) examine board diversity impacts on earnings management for listed oil and gas companies in Nigeria. It measures female and foreign directors' board diversity as an autonomous variable. At the same time, the dependent variable is discretionary accruals, a substitution for earnings management. It is eleven listed Nigerian oil and gas from 2009-2019 with 121-year observations. Secondary data was used, and panel data analysis. The modified Jones (1995) model was used. The result revealed that female directors and foreign directors of Nigerian-listed oil and gas companies have a negative influence on earnings management. By this means, it is advised that a sure percentage of female directors is obligatory for the Nigerian listed oil and gas firms.

In addition, Hasan et al; (2022) used a sample of industries firms quoted on the WSE UK between 2010 and 2015 with 350 observations from 17 industries. It was informed that women on board are positively linked to improving FRQ, thus adding to women's participation on board declines the time between the financial year-end and publication of the report, as well as the probability of qualified auditor judgement, henceforth improving FRQ. It was resolved that women impact verdicts and monitor management. Therefore, more women are wanted on the board for auditors to lessen reporting delays and improve timeliness.

Moreover, Juwita, (2023) examined gender diversity on the board of directors and its impact on the FRQ. This study, using a sample of LQ 45 listed firms on the Indonesia Stock Exchange from 2019 to 2021, employed panel data analysis. Gender diversity of the board of commissioners, board of directors, board of audit committee, and female audit committee compared to the total number, audit fees as a moderating variable to scrutinize gender (logarithmic audit fee), and FRQ, a proxy for Discretionary Accrual modified by Jones model. As a result, female commissioners and female audit committees have a significant effect on the FRQ. The occurrence of the negative coefficient proves that more female commissioners and female audit committee members in the firm will lessen the discretionary accrual, which likewise improves the FRQ.

Audit Committee Size and Financial Reporting Quality

Miko (2020), using a non-financial firm of 405-year observations from listed Nigerian companies from 2009 to 2013, explored the OLS method of regression analysis. The result found that audit committee size has a negatively significant association with EM, signifying that any rise in audit committee size leads to a reduction in EM. But this study used Modified Jones Model, which is age-long, so it cannot capture current phenomena.

Abubakar, Usman, Anuforo and Alhaji (2021) investigated the influences of audit committee human resources in Nigeria. With a sample of 72 non-financial firms with 360 firm-year explanations for five years (2014-2018). Data were obtained from the annual reports and accounts for those select firms. The Panel Corrected Standard Error was employed for analysis. The result discovered that audit committee size thwarts opportunist management doings in earnings counterfeits figure in the account, which remained that audit committee improves the FRQ and the character of the prevent actual earnings manipulations.

In Nigeria, Dare et al. (2022) examined audit committee size and meetings on audit quality of listed Oil and Gas Nigeria for 10 years from 2009-2018. Used an expo-facto research design, and it considered all the 12 listed Oil and Gas sectors, out of which 10 companies were randomly sampled, and data were handpicked from the audited account of the sampled firms. Logistic regression data analysis, it was found that audit committee size is positively significant with audit quality, whereas meeting is positive but insignificant with audit quality of companies in the oil and gas segment in Nigeria. It was resolved that the audit committee has a statistically significant effect on audit quality in Nigeria. Thus, it was suggested that priority and focus must be on the size of the audit committee to expand audit quality and that sense modality the meetings of the committee members must go back to. This study is not FRQ and uses two audit committee attributes

variables. Because of these, there is the need to conduct new elaborate studies that will improve existing literature.

Okafor et al. (2022) examine the ecological disclosure of listed Oil and Gas firms in Nigeria. The period covered was thirteen (13) years, from 2008 to 2020. The independent variables were Leverage, Firm Size, and Audit Committee Size, and the dependent was Effluent Disclosure. Secondary data was extracted from audited annual reports and accounts of the eleven (11) sampled firms, and the regression analysis method was used. The results revealed a significant and positive association between Leverage and Effluent. There is a significant but negative association between Firm Size and Effluent. Also, it has a significant and positive connection between Audit Committee Size and Effluent. It was advised that oil and gas companies had better be stimulated to go for leverage on debt bases of funding to improve wealth maximization objective with other people's resources that will empower the companies to grow extra involved in ecological improvement.

In the same way, Chukuemeka et al. (2023) explored the connection among board features, earnings worth and company societal accountability disclosure in listed oil and gas firms in Nigeria. It used all the 12 listed oil and gas firms in the Nigerian Stock Exchange in population and sample. It employed the Pearson Correlation Coefficient Statistical tool complementarily with the Statistical Package for Social Sciences version 23.0. The finding showed that the board size has a significant association with discretionary accruals and with social responsibility disclosure. It was advised that the board size must not be fewer than 9 memberships, consider the extent of the number of board size to better disclosure of business societal responsibility doings and the decrease in discretionary accruals and consequent enhancement in the FRQ. The study does not use any of the current study's independent variables.

Consequently, Kaoje, Alkali and Moddibo (2023) examine audit committee attributes on FRQ using a sample of 150 food and drinks companies enumerated on the Nigerian Stock Market. Data were selected from the firm's audited annual reports for a period from 2014–2019. A panel data analysis was employed using a GLS estimator. The results revealed a positive and significant association between audit committee Independence and audit committee meetings with earning management through a negative association between audit committee size, audit committee financial expert, firm size and earning management among the listed companies in Nigeria. It was settled that bigger audit committee memberships are extra active in monitoring the happenings in the management and, likewise, healthier at sustaining the FRQ.

Accounting Certification Expert and Financial Reporting Quality

Likewise, Abernathy et al. (2013) in the USA investigated the audit committee accounting financial expertise and forecasters' capability to forestall upcoming earnings with data obtainable from 2000–2008. It used data from S&P 500 to enable him to capture members of the board of directors to eliminate firms in the financial services due to technicality in the earnings characteristics differ. The sample consists of 2484 firm-year observations using t-statistics based on Huber–White standard errors to correct for clustering by the firm. The result showed that there was a substantial relationship between audit committee accounting financial expertise and analyst earnings forecasts that are more accurate and less dispersed. On the other hand, no relationship between non-accounting financial expertise (i.e., supervisory expertise) and forecast accuracy. These settled the significance of accounting expertise in audit committees and advanced analyst earnings forecasts; thus,

Orbunde et al. (2019) studied the impact of audit quality proxied by firm audit size, auditor business speciality, auditor tenure, and audit committee financial expertise on earnings management proxy by discretionary accruals of listed Oil & Gas companies in Nigeria. The panel research design was adopted to examine all fourteen (14) oil and gas firms in the Nigerian Stock Exchange from 2011–2020. Secondary data is from audited annual reports and accounts of all the sample firms. It was a panel multiple regression

analysis. It found that auditor tenure and the collaboration between audit committee financial expertise and auditor industry specialization had a significant negative association with discretionary accruals. Thus, advised that auditor industry specialization should be fortified by the supervisory body such as SEC to ensure the interface between audit committee financial expertise and auditor industry knowledge to interact and alleviates earnings management of firms in Nigeria.

Olayinka & Folajimi (2020) examined the impact of accounting experts on the FRQ (using earnings quality, accounting conservatism, earnings smoothness and persistence as proxies) of listed oil and gas firms in Nigeria. It used an ex-post facto research design. The study was made up of 12 oil and gas firms. A purposive sampling method was adopted, and the 12 oil and gas were selected due to the availability of secondary data that covered a period of 10 years from 2004 -2018. The experiential results show that accounting expert has a significant effect on the FRQ of listed oil and gas firms in Nigeria. Based on the result, it was suggested that the supervisory institution should treasure in the ways of rewarding firms that fulfil the accounting guiding ethics and obey information disclosure for earnings quality valuation and punish erring corporations that hide appropriate and valuable information from the stakeholders.

Teru & Kefas (2022) inspect the impact of audit committee attributes on the tax aggressiveness of listed oil and gas companies in Nigeria from 2011-2020. The Ex-post Facto research design used data from the audited annual reports and accounts of 6 sampled oil and gas. Multiple regression analysis was used to analyze the data. It was found that there is an insignificant negative association among audit committee size (ACS), audit committee independence (ACIND) and tax aggressiveness using effective tax rate as a measure. Audit committee regular meetings (ACFM) and audit committee financial expertise (ACFE) nevertheless show an important positive association with ETR. It was endorsed that Nigeria-listed oil and gas firms need to strengthen audit committee human resources and stay to maximize openings and returns that align with older firms operating in the market for better improvement in operations and an increase in tax aggressiveness since older firms can enjoy larger economic scales.

While Tonye and Boloumbele (2023) analytically explored the effectiveness of audit committees on financial statement fraud, using twenty-one (21) consumer goods firms listed on Nigeria Exchange Group, applied the purposive random method to select ten (10) from 2011 to 2020, data from audited annual financial report of sample firms were analyzed using regression with the aid of e-view. The result exposed that the audit committee size, audit committee meeting, and audit committee independence have a positive and statistically significant effect on financial statement fraud, while the audit committee financial expert has a positive and statistically non-significant with financial statement fraud.

Also, recently, Rahman et al. (2023) investigated FRQ and audit committee quantified accounting expertise, size, and independence. The data was obtained from the annual COMPUSTAT database through Wharton Research Data Services (WRDS). Data related to audit services and accounting financial expertise were downloaded from Institutional Shareholder Services (ISS). From 2003 to 2019, and includes 35,694 firm-year observations using multivariate empirical analysis. The Generalized Method of Moments (GMM) technique was used to regulate it. The result shows that quantified accounting expertise, size, and independent directors on the AC have a coefficient value that is negatively statistically significant; thus, they impact FRQ. It is concluded thus that accounting certification expertise directors on the AC significantly improve FRQ and significantly reduce the real EM and enhance the accrual quality of firms. Thus, these are presented in null hypotheses form.

H_{01} : Audit committee female gender does not affect the FRQ of listed oil and gas firms in Nigeria.

H_{02} : Audit committee size does not affect the FRQ of listed oil and gas firms in Nigeria.

H_{03} : Audit committee accounting certification expert does not affect the FRQ of listed oil and gas firms in Nigeria.

Theoretical Framework

This study uses agency theory to underpin the associates among audit committee resources and FRQ of oil and gas listed firms in Nigeria. As propounded by Berle and Means (1932) and advanced by Jensen & Meckling (1976). The consequences of the agent's shirking can be called agency costs. Moreover, as a result of the separation of ownership from control to enable the assigned agent to work in the interest of the owner, thus the owner has incurred costs such as monitoring, closeness, and enduring loss. The monitoring expenses are those suffered by the principal to prevent the activities of the agent that can cause him damage or impairment. Similarly, the principal will apply some supervisory tools to crack any unscrupulous behaviour of the agent and devise motivation schemes to decrease the deviation from the owner's interests. In addition, bonding or closeness, or attachment expenses are those overheads incurred to enable the owner to prevent the agent from doing things conflicting with the principal's interests. In the setting of firms, these originated mostly from the occurrence of information asymmetry between shareholders and managers (Jensen & Meckling, 1976, Barako et al., 2006, Dharwadkar et al., 2000). Although board features can be practical from a number of dimensions, this study employed to consider audit committee which is a mini-committee of the board of directors. And the effectiveness of an audit committee is a function of the attributes of diverse pieces of knowledge and various expert fields that made up the composition, relative audit committee female gender, size and accounting certification expert composition are likely to constrain opportunistic behaviours and unethical accounting practices are identified major challenge.

Previous studies have examined audit committee resources and FRQ using various concepts of such as accounting experts. Tonye et al. (2023); Rahman et al. (2023) that the domain-specific knowledge of audit committee accounting experts provides effective means of monitoring accounting irregularity practices and minimizing associated agency costs, while Yang (2020); Mardessi et al. (2020) and Juwita, (2023) found that female gender in audit committee is positively significant on FRQ. In the case of Özcan et al. (2021), the larger size of the audit committee's human resources is positively impacting firm value, while in Kaoje et al. (2023), there was a negative association between audit committee size and earnings management. It is expected that companies with high agency costs resulting from the separation of ownership and control will form audit committees to add credibility to the financial statements.

METHODOLOGY

The research work used ex-post facto and correlational research designs. The population of the study is twelve (12) oil and gas firms listed on the Nigerian Exchange Group as of December 31, 2021. The work covered ten years, from 2012 to 2021. Ten (10) oil and gas firms were sampled using the purposive sampling technique. Data were extracted from the audited annual accounts of the sampled firms (11 Plc Oil, Ardova (Forte oil) Plc, Conoil Plc, Eterna Plc, Japaul Gold Plc, MRS Oil Nigeria Plc, Oando Plc, RAK Unity Pet. Comp. Plc, Seplat Energy Plc and Total Nigeria Plc) which formed the panel data set that was analysed using multiple regression as a technique of analysis.

Empirical Model Specification

Collins et al. (2017) in measuring discretionary accruals, which is a proxy for FRQ. After calculating discretionary accruals, the following model will be used to investigate the resource of the audit committee on FRQ proxy by discretionary accruals.

$$FRQ_{it} = \beta_0 + \beta_1ACFG_{it} + \beta_2ACSZ_{it} + \beta_3ACAE_{it} + \beta_4FMSZ_{it} + \beta_5FMAG_{it} + \epsilon_{it}$$

Where: Audit committee resources are female gender (ACFG), size (ACSZ), accounting certification expert (ACAE), Firm size (FMSZ) and Firm age (FMAG), it = Firm i at Time t , ϵ_{it} = Error term. β_0it , β_1it , β_2it , β_3it , β_4it , β_5it , =Coefficients of the parametric estimates.

DATA PRESENTATION AND DATA ANALYSIS

Table 1. Descriptive Statistics of the Variables

Variables	Min	Max	Mean	SD	Obs
FRQ	0.0013	0.1058	0.0158	0.0193	100
ACFM	0	2	0.72	0.6369	100
ACSZ	4	9	5.71	1.0852	100
ACAE	0	2	1.09	0.5522	100
FMSZ	5.5003	9.0315	7.6884	0.6588	100
FMAG	3	50	27.7	12.2849	100

Source: Extracted from STATA 13 output file, 2023.

The descriptive statistics result, the FRQ have a mean value of 0.0158 with a standard deviation of 0.0193, which suggests that there is a slight deviation from the average value. The ACFM have a mean of 0.72 with a standard deviation of 0.6369, minimum 0 and maximum 2 values. This suggests that 60% of the oil firms have female gender human resources on the audit committee. ACSZ have a mean of 5.71, minimum of 4 and maximum of 9 values with a standard deviation of 1.0852, which suggests that oil and gas firms have a range of about five to 4 human resources in the audit committee. The ACAE mean displays 1.09 with a minimum of 0 and a maximum of 2 values with a standard deviation of 0.5522. The outcome exposed that 50% of the oil and gas firms have accounting experts on audit committees.

Correlation Matrix

The correlation matrix shows an association between independent and dependent variables of the study in terms of the degree, direction and coloniality.

Table 2. Correlation Matrix

Variables	FRQ	ACFM	ACSZ	ACAFE	FMSZ	FMAG
FRQ	1.0000					
ACFM	0.1320	1.0000				
ACSZ	-0.3917*	0.1444	1.0000			
	0.0001	0.1518				
ACAE	0.4875*	-0.0712	-0.3268*	1.0000		
	0.0000	0.4813	0.0009			
FMSZ	0.0653	0.2007*	0.1617	-0.4977*	1.0000	
	0.5186	0.0452	0.1081	0.0000		
FMAG	0.0961	0.0395	0.1268	-0.4233*	0.4806*	1.0000
	0.3415	0.6964	0.2089	0.0000	0.0000	

Source: Extracted from STATA 13 output file, 2023.*Coefficient significant at 5%

ACFG has a coefficient of 0.1320 but there is no evidence of association with FRQ. ACSIZ have a negative relationship with a coefficient of -0.3917 at a 1 % significance level with FRQ. Also, ACAE has a positive relationship with FRQ having a coefficient of 0.4875 at a 1 % significant level. Thus, accounting certification experts' resources in the audit committee will improve FRQ.

Random Effect Model Results of Nigerian listed oil and gas firms

Table 3. Random Effect Model Results

Variables	Coef.	Std. Err.	Z	P> z
_cons	0.0004	0.0243	0.02	0.986
ACFM	0.0035	0.0018	1.96	0.050
ACSZ	-0.0030	0.0014	-2.17	0.030
ACAE	0.0062	0.0028	2.22	0.027
FMSZ	0.0012	0.0030	0.39	0.695
FMAG	0.0005	0.0002	2.31	0.021
Mean VIF	1.34			
R-square	0.2965			
Wald	18.59			0.0023
Hausman	8.73			0.1205
LMT	58.13			0.0000

Source: Extracted from STATA 13 output file, 2023.

Table 3 shows the data analysis above revealed the predictive power of the model is explained by the R-squared value, which is reported as 0.2965 (29.65%). This means that a 29.65% variation in the FRQ of Nigeria's oil and gas is explained jointly by resources in the audit committee, such as female gender, audit committee size, audit committee accounting certification expertise, firm size, and firm age. The overall statistical significance of the model is explained by the p-value of 0.001 (significant at 1%). It implies that the explanatory variables have a significant effect on the FRQ of listed oil and gas firms in Nigeria.

The regression output showed that positive and significant relationship between the audit committee female gender (ACFG) and audit Committee accounting certification expert (ACAE), While there is a negative and significant relationship between Audit Committee Size. Thus, the audit committee's female gender, Audit Committee Size and audit Committee accounting certification expert affect the FRQ of the oil and gas listed firm on Nigeria Exchange Group.

RESULTS AND DISCUSSION

This part of the study is to explain the strength of the outcomes, which can be regarded as the best linear unbiased estimators.

Audit Committee Female Gender and Financial Reporting Quality

Audit committee female member with a coefficient of 0.0035 and a p-value of 0.050. This means that it is positively and statistically significant at a 5% level of significance, which means that the female gender in the audit committee impacts the FRQ of listed oil and gas firms in Nigeria.

Audit Committee Size and Financial Reporting Quality

In addition, the audit committee size showed a negative coefficient value of -0.0030 and a p-value of 0.030. It implies that it is negatively statistically significant at a 5% level of significance. This means that audit committee size influences the FRQ of listed oil and gas firms in Nigeria. The audit committee size shows a negative coefficient and significance, it is open that, having a large size of the audit committee with an inverse relationship with discretionary accrual is a perfect number to improve financial reporting quality.

Audit Committee Accounting Certification Expertise and FRQ

Specifically, audit committee accounting certification experts show a positive coefficient of 0.0062 with a p-value of 0.027. This implies that it is positively and statistically significant at a 5% level of significance. This means that audit committee accounting certification expert influences the FRQ of listed oil and gas firms in Nigeria.

Policy Implication of the Research Findings

These results build on existing evidence that audit committee female gender has a significant effect on the quality of financial reporting quality. The multitasking nature of females gender they are more congenial towards accounting and financial rules, thereby improving financial reporting quality, and practices of discretion accrual likely diminish.

Similarly, while previous research has focused on audit committee financials, these results show that audit committee accounting certification expert has a significant influence on the financial reporting quality. These results should be considered when determining key attribute that has a profound impact on financial reporting quality.

Finally, another discovery in the analysis is that committee size is negatively statistically significant. It shows committee size and discretionary accrual are inversely related, thus improving financial reporting quality.

CONCLUSION

In terms of audit committee females and FRQ, the study concludes that there is a significant association that exists between audit committee female members and FRQ. In all indications females having multitasking nature, they can improve FRQ in the annual reports and accounts of the listed oil and gas firms in Nigeria. Although the outcome of the audit committee size shows a negatively statistically significant., having a large size audit committee can be used to improve quality. Because they are inversely related. Finally, AC accounting certification expertise does influence the FRQ, it is a better hand to explore to open up a vain accounting reporting problem.

RECOMMENDATION

Based on the output of the work, hence we endorsed that the selection of autonomous directors ought to be built on the prior annals of the person's history in terms of performance relatively, not to emphasize the percentage of the overall number of directors on the board.

The government should consider these practical results for policy maker and make provision for at least two accounting certification resources in the audit committee to grip multifaceted financial entities more effectively than others generally in Oil and Gas firms listed in Nigeria.

Similarly, female gender should be allowed in the audit committee because they have a significant effect on the quality of financial reporting quality. The multitasking nature of females gender they are more pleasant towards accounting and financial rules, and practices of discretion accrual likely diminish.

AREAS FOR FURTHER STUDIES

This study examined the impact of audit committee attributes on the FRQ of listed oil and gas firms in Nigeria. However, the study limited itself to listed oil and gas firms in the Nigerian Exchange Group. It is then advised that additional scholarships concerning audit committee resources and FRQ should be conducted in other sectors such as Natural Resources firms, Industrial Goods, Food and beverage firms, manufacturing firms, Building and Construction firms, or even conducts a cross-industry study of selected listed firms in the Nigeria Exchange Group. In this way, it will enable future researchers to conduct and documents more generalized findings and recommendations.

REFERENCE

1. Abdel-Hafeez, M., & Ali, S. (2022). The association between audit committee characteristics and earnings management : Evidence from GCC stock markets. *Information Sciences Letters An International Journal*, 268(1), 257–268.
2. Abernathy, J. L., Herrmann, D., Kang, T., & Krishnan, G. V. (2013). Audit committee financial expertise and properties of analyst earnings forecasts. *International Journal of Cardiology*, 29(1), 1–11. <https://doi.org/10.1016/j.adiac.2012.12.001>
3. Abubakar, H. A., Usman, A., Anuforo, U. P., & Alhaji, Y. B. (2021). Audit committee attributes and real earnings management in Nigeria. *ASIAN PEOPLE JOURNAL*, 4(1), 84–92. <https://doi.org/10.37231/apj.2021.4.1.25>
4. Alawaqleh, Q. A., & Almasria, N. A. (2021). The impact of audit committee performance and composition on financial reporting quality in Jordan. *International Journal of Financial Research*, 12(3), 55–69. <https://doi.org/10.5430/ijfr.v12n3p55>
5. Almahrog, Y. E., & Lasyoud, A. A. (2021). An overview of earnings management detection approaches. *JOURNAL OF CRITICAL REVIEWS*, 08(02), 92–101.
6. Almaqoushi, W., & Powell, R. (2020). Audit committee quality indices, reporting quality, and firm value. *Journal of Business Finance & Accounting*, 353(1), 1–66. <https://doi.org/10.1111/jbfa.12478>
7. Ashari, S., & Krismiaji, K. (2020). Audit committee characteristics and financial performance: Indonesian evidence. *EQUITY*, 22(2), 139–152. <https://doi.org/10.34209/equ.v22i2.1326>
8. Berle, A. A. (1932). *Harvard Law Review*. *Constitutional Law*, 45(8), 1365–1372. <https://doi.org/doi10.2307/1331920>
9. Chukuemeka, T., Jovwo, A., Chinye, R., & Charly, J. (2023). Board characteristics, earnings quality and corporate social responsibility disclosure of oil and gas companies in Nigeria. *British International Journal of Applied Economics, Finance and Accounting*, 7(2), 1–25.
10. Collins, D. W., Raunaq, P. S., & Vijh, A. M. (2017). The effects of firm growth and model specification choices on tests of earnings management in quarterly settings. *American Accounting Association*, 92(2), 69–100. <https://doi.org/10.2308/accr-51551>
11. Dare, C. T., Efuntade, A. O., Alli-Momoh, B. O., & Efuntade, O. O. (2022). Audit committee characteristics and audit quality: Exploratory and empirical analysis in the Nigerian oil sector. *European Journal of Accounting, Auditing and Finance Research*, 9(1), 97–111.
12. Dechow, P., Ge, W., & Schrand, C. (2010). Understanding earnings quality: A review of the proxies, their determinants and their consequences. *Journal of Accounting and Economics*, 50(2–3), 344–401. <https://doi.org/10.1016/j.jacceco.2010.09.001>
13. Denich, E. (2021). Methodological analysis of accounting quality. *Focus – Financial and Accounting Competencies* ?, 2(2), 1–16.

14. Dharwadkar, R., Gerard, G., & Pamela, B. (1980). Privatization in emerging economies: An agency theory perspective. *Academy of Management Review*, 25(3), 650–669. <https://doi.org/10.5465/amr.2000.3363533>
15. Dobija, D., Hryckiewicz, A., Zaman, M., & Pulawska, K. (2021). Critical mass and voice : Board gender diversity and financial reporting quality. *European Management Journal*, 2(5), 1–16. <https://doi.org/10.1016/j.emj.2021.02.005>
16. Eriable, O., & Izedonmi, F. S. (2016). Impact of audit committee attributes on financial reporting quality in Nigerian quoted companies. *ICAN Journal of Accounting and Finance*, 5(1), 117–137.
17. Gerayli, M. S., Pitenoiei, Y. R., & Abdollahi, A. (2021). Do audit committee characteristics improve financial reporting quality in emerging markets? Evidence from Iran. *Asian Review of Accounting*, 29(2), 251–267.
18. Ha, H. H. (2022). Audit committee characteristics and corporate governance disclosure : evidence from Vietnam listed companies. *Cogent Business & Management*, 9(1), 1–18. <https://doi.org/10.1080/23311975.2022.2119827>
19. Hasan, A., Doaa, A., & Khaled, H. (2022). Corporate governance and financial reporting quality : A comparative study. *Journal for Accounting and Business*, 2(1), 1–26.
20. Herranz, Z. C., Alvarado, N. R., & López, F. J. (2022). Audit committee competence and earnings management in Europe. *Spanish Accounting Review*, 25(1), 121–135.
21. Juwita, R. (2023). The role of gender diversity in corporate governance for quality assurance of financial reports with audit fees as moderating variables. *European Journal of Business and Management Research*, 8(1), 93–99.
22. Kabwe, M. (2023). Assessment of financial reporting quality in a developing country using nice qualitative characteristics measurement. *International Journal of Finance and Accounting*, 8(1), 1–22.
23. Kaoje, A. N., Alkali, M. Y., & Moddibo, A. (2023). The effect of audit committee characteristics on earning management in Nigeria listed firms. *ECONOMICS AND MANAGEMENT OF ENTERPRISE*, 359(3), 1–8. <https://doi.org/10.15587/2706-5448.2023.272875>
24. Komal, B., Shahzad, A., Ezeani, E., Usman, M., & Sun, J. (2021). Age diversity of audit committee financial experts , ownership structure and earnings management : Evidence from China. *International Journal Finance and Economics*, 3(1), 1–19. <https://doi.org/10.1002/ijfe.2556>
25. Lai, K. M. Y. (2023). Making honest men of them : Institutional investors , financial reporting , and the appointment of female directors to all-male boards. *Journal of Corporate Finance*, 1(3), 2023.
26. Mardessi, S. M. (2021). The effect of audit committee characteristics on financial reporting quality : The moderating role of audit quality in the Netherlands. *Corporate Ownership & Control*, 18(3), 18–30. <https://doi.org/10.22495/cocv18i3art2>
27. Mohammed, I., & Hamza, M. A. (2022). Board diversity and earnings management in publicly listed oil and gas firms in Nigeria. *Audit and Accounting Review (AAR)*, 2(1), 2–24.
28. Ngo, P. N. D., & Le, H. T. A. (2021). Relationship between the audit committee and earning management in listed companies in Vietnam. *Journal of Asian Finance, Economics and Business*, 8(2), 135–142. <https://doi.org/10.13106/jafeb.2021.vol8.no2.0135>
29. Okafor, O. O., Egbunike, P. A., & Amahalu, N. N. (2022). Determinants of environmental disclosure of quoted oil and gas firms in Nigeria. *International Journal of Management Studies and Social Science Research*, 4(1), 77–88.
30. Olayinka, O. A., & Folajimi, F. A. (2020). Human resource accounting and quality of financial reporting of quoted oil and gas companies in Nigeria. *International Journal of Accounting, Finance and Risk Management*, 5(4), 195. <https://doi.org/10.11648/j.ijafrm.20200504.14>
31. Orbunde, B., Oyewobi, I., & Musa, U. F. (2019). Effect of audit quality on earnings management of listed oil marketing companies in Nigeria. *Bingham University Journal of Accounting and Business (BUJAB)*, 2(1), 58–73. <https://doi.org/10.2139/ssrn.3492016>
32. Ozcelik, H. (2020). An analysis of fraudulent financial reporting using the fraud diamond theory perspective: An empirical study on the manufacturing sector companies listed on the Borsa Istanbul. *Audit Management and Forensic Accounting*, 102(1), 131–153. <https://doi.org/10.1108/S1569-375920200000102012>

33. Qader, B. M., Yusoff, W. S., Abubaker, Z., Barzinji, Q., & Basri, H. H. (2023). Audit committee characteristics and financial reporting quality in Iraq public listed firm. *Social Sciences Journal*, 13(2), 1–15.
34. Rahman, S.-, Chen, S., Al-faryan, M. A. S., Ahmad, I., Hussain, R. Y., & Saud, S. (2023). Audit services and financial reporting quality : The role of accounting expertise auditors. *Cogent Business & Management*, 10(1), 1–34.
35. Shin, Y. Z., & Jeon, K. (2021). Transparency of accruals quality and stock crash risk. *Academy of Accounting and Financial Studies Journal*, 25(6), 1–12.
36. Teru, S. P., & Kefas, R. I. (2022). Effect of audit committee attributes tax aggressiveness of oil and gas companies in nigeria. 1(2), 42–49.
37. Vagner, L., Valaskova, K., Durana, P., & George, L. (2021). Earnings management : A bibliometric analysis. *Interdisciplinary Approach to Economics and Sociology*, 14(1), 249–262. <https://doi.org/10.14254/2071-789X.2021/14-1/16>
38. Wisnu, M., Harjum, M., & Mulyo, H. (2023). The role of audit committee characteristics and I . C . performance on I . C . disclosure : evidence from the Indonesian. *Economic Systems*, 2(1), 1–17.
39. Yalah, B., & Ogiriki, T. (2023). Accounting conservatism and firm structure in Nigeria: Evidence from publicly listed manufacturing firms. *Bushwealth Academic Journals*, 1(1), 2023.
40. Yang, Q. (2020). The impact of female and independent directorships on the quality of financial reporting. *Management Science Informatization and Economic Innovation Development Conference (MSIEID)*, 2(1), 608–611. <https://doi.org/10.1109/MSIEID52046.2020.00120>